



# Sub-Recipient Grant Management and Monitoring Policy

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Indiana Department of Homeland Security  
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## REFERENCES

- Grant Accounting Systems, *Federal Grants Management Handbook*, tab 420 pp.1-92
- *Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*
- OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*
- OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*
- OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*

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## I. Purpose

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The Indiana Department of Homeland Security (IDHS), as the federal grantee, is responsible for monitoring sub-recipients and ascertaining that all fiscal, compliance and programmatic responsibilities are fulfilled. This includes monitoring sub-recipient reporting, recordkeeping and internal operation and accounting control systems. Grant management ensures that the grant program is operating efficiently, its internal control program is operating successfully, and any deficiencies detected in the grant program are corrected in a timely manner. IDHS grant programs subject to these general monitoring efforts include, but are not limited to:

- BZPP – Buffer Zone Protection Program
- CCP \* – Citizen Corps Program
- EMPG \* – Emergency Management Planning Grant program
- HMEP – Hazardous Materials Emergency Preparedness grant program
- HSGP – GPD Homeland Security Grant Program
- \* See HSGP/GPD-specific grants notes throughout this document.
- LEPC – Local Emergency Planning Committee grant program
- MMRS – Metropolitan Medical Response System grant program

***HSGP/GPD Specific:*** IDHS is the State Administrative Agency (SAA) and primary recipient of homeland security grant funds. IDHS is tasked with monitoring the progress of sub-recipient projects in accordance with the *State Homeland Security Strategy (SHSS)* to gauge statewide progress toward strategy implementation, required for up-line reporting to the U.S. Department of Homeland Security (DHS), Grant Programs Directorate (GPD). Sub-recipient monitoring is also critical to determine whether grant funds awarded for planning, operations, equipment, training, exercise, and administrative projects are expended in accordance with Office of Justice Programs (OJP), Office of the Comptroller (OC) fiscal guidelines, GPD programmatic guidelines, and subgrant awards. Overall, IDHS will assess how GPD resources awarded to sub-recipients enhance Chemical, Biological, Radiological, Nuclear, or Explosive (CBRNE) prevention, response, and recovery capabilities, and support the goals and objectives in the SHSS. State sub-recipient monitoring will provide GPD with a comprehensive picture of how CBRNE terrorism prevention, response, and recovery capabilities are increasing nationwide and will allow GPD to ensure it is providing resources and support in an efficient and effective manner.

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## II. Overview

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The IDHS Grants Management Section administers sub-recipient grants and monitors their activities from award to closeout. The Program specific Project Manager provides day-to-day oversight, reconciles and approves programmatic subgrantee expenditures, reviews reimbursement requests, and provides general support and assistance relating to project implementation. The Project Manager authorizes reimbursement for expenditures. The Grants Management Section audits quarterly *Narrative and Financial Progress Reports*, the *Request for Reimbursement* and supporting documentation for compliance, then forwards for payment. Accounting personnel within the IDHS Fiscal Branch processes reimbursement and issues a warrant for payment to the subgrantee. The Project Manager may maintain a subgrantee working file that may include “in-progress” project correspondence and actions, quarterly reports that require additional supporting documentation, copies of e-mails and a telephone communication log, additional contact information, and incidental and anecdotal project information, etc. relevant to the project and award. The IDHS Grants Compliance Officer is responsible for sub-recipient monitoring through two means: **office-based** monitoring and **on-site** monitoring. Monitoring assists IDHS in identifying areas of need for subgrantee support and provides feedback on ways to improve its services. Both forms of monitoring require written documentation.

***HSGP/GPD Specific:*** Monitoring GPD grants encompasses two main areas: 1) **fiscal and compliance** monitoring of planning, procurement and contracts, exercise, administrative, and training funds, and

compliance with regulations; and 2) **programmatic** monitoring of subgrantee progress and operations, including equipment deployment, for project implementation and execution.

For reference, IDHS conducts sub-recipient fiscal, compliance and programmatic monitoring based upon the following:

- *OMB Circular A-110*
- *OMB Circular A-87*
- *OMB Circular A-21*
- *OMB Circular A-122*
- *OMB Circular A-133*
- *Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*
- *Certifications and Assurances*
- *Grant Program Guidance*
- *Applicable Code of Federal Regulations*
- *US DOJ/OJP Office of the Comptroller Financial Guide*
- *US DHS/GPD State and Local Government Coordination & Preparedness, Office of Grant Operations*
- *Federal Grants Management Handbook, Thompson Publishing Group*
- *Sub-recipient Obligating Award Document*

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### **III. Office-Based Monitoring**

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For each active grant program, the Grants Compliance Officer conducts office-based monitoring reviews for one third of **all subgrantees per fiscal year**. Office-based monitoring will occur before on-site visits are scheduled. Open, multi-year subgrants under the same program should be reviewed and monitored at the same time.

The Grants Compliance Officer performs a comprehensive review of the subgrantee master grant file to ensure that all documentation is complete and current; conferring with the Project Manager regarding any file irregularities or problems the subgrantee or the Project Manager is experiencing, and ensuring that any apparent problems are addressed. The Grants Compliance Officer then contacts the subgrantee by phone and/or e-mail to confirm these findings and reconcile discrepancies. In unison the Grants Compliance Officer, Project Manager and the subgrantee agree to a brief written plan and timeline to resolve any problems.

#### **A. File Review**

The Grants Compliance Officer reviews the subgrantee's master grant file to perform fiscal, compliance and programmatic monitoring. The Grants Compliance Officer verifies compliance with the certifications and assurances listed in the sub-grant agreement. The review assesses the status of quarterly *Narrative Progress Reports* and *Financial Progress Reports*, the rate of expenditure of funds, evaluation of progress implementation and timelines, and confirmation of these findings with the Project Manager.

#### *Fiscal and Compliance Monitoring*

The following are required documents in the sub-recipient official master grant file:

- Complete application with original signatures, date-stamped when received
- Sub-grant agreement with original signatures, special conditions, certifications and assurances, project narrative and budget detail, and copy of IDHS award letter
- Quarterly *Narrative Progress Reports* with supporting documentation; must be current

- Quarterly *Financial Progress Reports* with supporting documentation; must be current  
**SPECIAL NOTE:** Since subgrantees maintain financial records in a variety of different formats based on their accounting systems and software programs, they are not required to present the information to IDHS through a single standardized format, nor change their formal accounting systems to comply with federal requirements. However, **IDHS may require the subgrantee to modify its existing system to develop subsystems to account for grant funds, and to report costs in accordance with the grant agreement.**
- Paid *Requests for Reimbursement* with original signatures, filed and attached to corresponding quarterly Financial Progress Reports
- *Award Amendment(s)* with original signatures
- Paper and/or electronic copies of any substantial deliverables (e.g. Power Point presentation, training course, program plans, brochures, outreach materials, etc.)
- Correspondence, especially any previous monitoring documentation, if applicable.

Expediting the return of the signed *Sub-Grant Agreement* and/or *Amendment* is particularly important when involving increases, decreases or reallocation of project budget amounts, because the award/amendment is not effective until IDHS receives the original signed document. **No reimbursements will be paid out to a subgrantee for those affected items with an outstanding, unsigned sub-grant agreement or amendment.** Of significant concern to IDHS is if the subgrantee is experiencing any problems resulting in a slow expenditure of funds. A lack of any expenditure(s) may indicate project inactivity and will be discussed with the subgrantee. The Grants Compliance Officer will ask the subgrantee to further explain and justify reasons for delayed procurement activities. If the subgrantee has expended significant funds, the Grants Compliance Officer will inquire about how expenditures have enhanced its operations and response capabilities. In particular, if special conditions are in place that withhold funds to the subgrantee, the Grants Compliance Officer and Project Manager will determine what the subgrantee must do to satisfy and remove them.

#### Programmatic Monitoring

The Grants Compliance Officer reviews the subgrantee's master grant file to determine the subgrantee's achievements and potential problems faced in implementing the project. The Grants Compliance Officer will confer with the Project Manager during programmatic file review. The project narrative is examined for the following information:

- Goals, objectives, and implementation steps planned vs. actual,
- Requirements and activities,
- Timelines, planned vs. actual,
- Evaluation plans, and
- Performance measures.

**HSGP/GPD Specific:** The Grants Compliance Officer reviews the incidence of exercise and training activities in accordance with the project timeline as defined in the grant award, with relevant goals and objectives in the *SHSS* and the *Homeland Security Exercise and Evaluation Program (HSEEP)*.

#### **B. Contact Sub-recipient for More Information**

The Grants Compliance Officer contacts the subgrantee and schedules a time to conduct a phone interview with the subgrantee Project Manager(s), grant fiscal manager/coordinator and other appropriate individuals in relation to all active subgrants awarded by IDHS that are currently being reviewed and monitored. The Grants Compliance Officer will ask if the subgrantee has conducted any formal procurements and/or entered into any 3<sup>rd</sup>-party contracts. If so, IDHS will need a narrative summary of the procurement process and a copy of the contract. In addition, the Grants Compliance Officer may need to reference the jurisdiction's all-hazards *Emergency Operations Plan (EOP)* for coordination and alignment with grant activities. Finally the Grants Compliance

Officer will ask the subgrantee if it is experiencing any financial or programmatic grant management problems itself or with IDHS, or has identified a need for technical assistance and support from IDHS. At the conclusion of the Office-based Monitoring review the Grants Compliance Officer sends an electronic memo to the subgrantee Project Manager, copied to authorized officials listed on the award and the IDHS Project Manager, followed with a hard copy by fax or mail. A hard copy will be placed in the subgrantee's master grant file.

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## IV. On-Site Monitoring

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IDHS will conduct on-site monitoring visits for two separate sub-recipients each fiscal year. If the sub-recipient has received subgrants under several programs, all program grants are reviewed and monitored at the same time and the appropriate IDHS Project Managers will be asked to participate. On-site monitoring builds upon the subgrantee master grant file review and conversations undertaken as part of office-based monitoring. Thirty (30) days in advance of the proposed visit, the Grants Compliance Officer contacts the subgrantee to schedule the upcoming on-site visit, briefing the subgrantee on what activities and discussions will take place. The subgrantee will be provided with a read-ahead packet, including a cover letter, draft meeting agenda and proposed list of questions, to ensure on-site time is focused on discussing issues instead of locating documentation. The cover letter will be copied to authorizing officials listed on the award and to appropriate IDHS Project Managers.

Although IDHS staff and the subgrantee determine the structure of the on-site visit, the Grants Compliance Officer clearly distinguishes the review of fiscal and grant compliance issues from programmatic discussions. Fiscal and compliance issues are generally discussed with the subgrantee Project Manager and Chief Financial Officer and/or fiscal coordinator. Programmatic issues are discussed with the subgrantee Project Manager, local authorizing officials, and other recipient agencies or response representatives. ***If multiple grant programs and years are being monitored, the subgrantee shall ensure that the corresponding responsible parties are available to participate in meetings during the site visit.*** The subgrantee should expect IDHS to spend a minimum of one business day on-site.

***HSGP/GPD Specific:*** Information to explain and justify reasons for delayed procurement activities is ***essential*** for timely project implementation in support of first responders. On the other hand, if the subgrantee has expended significant funds, the subgrantee will be queried about how expenditures have enhanced its response capabilities, in particular with regard to the National Incident Management Systems (NIMS), the National Response Plan (NRP) and Homeland Security Presidential Directive – 8 (HSPD-8). IDHS staff may request to visit one or more of the local departments, organizations or contractors in order to directly discuss homeland security issues and monitor equipment with first responder recipient agencies, focusing on the support of or benefits received as a direct result of GPD/IDHS funding, and how those resources have enhanced their CBRNE terrorism prevention, response, and recovery capabilities. In addition, the subgrantee will be queried as to how the project is supporting the *SHSS* and *HSEEP*, whether purchased equipment has been deployed and if additional training is needed on specialized equipment prior to its use.

### *Fiscal and Compliance Monitoring*

In advance of the on-site visit, the Grants Compliance Officer conducts a comprehensive document review, asking the subgrantee to provide a recent summary of expenditures, obligations and pending obligations (i.e., purchase orders, procurements or contracts in process), as well as grant budgets and financial reports, single audit reports and findings, corrective action plans, and an organization chart, and notes any apparent problems in preparation for the on-site visit. Documentation review includes confirmation of certifications and assurances, supporting documentation for expenditures, use of management and administrative (M&A) funds, special conditions and previous monitoring documentation. Delinquent quarterly *Financial Progress Reports* must be submitted prior to the on-site visit.

On-site, the Grants Compliance Officer reviews applicable grantee spending plans, accounting systems and controls, records retention systems, 3<sup>rd</sup>-party contracting, procurement activities, and equipment maintenance and property management systems.

*Programmatic Monitoring*

A major portion of the meeting involves discussions about project implementation such as milestones, timeline, rate of funds expenditure, project operations, performance measures and evaluation, etc. This will include development or update of the subgrantee's all-hazards EOP, operations systems, and coordination with project-affiliated departments, organizations, and contractors. Delinquent quarterly *Narrative Progress Reports* must be submitted prior to the on-site visit.

At the end of the on-site visit, IDHS staff conducts an ***exit interview*** with subgrantee officials to discuss findings from the meetings and to clarify any corrective action items for the subgrantee or IDHS staff to pursue after the visit. IDHS staff asks for feedback to identify areas of self-improvement by which it can better support, assist, or enable subgrantee project success. The exit interview highlights what will be included in the *post-visit letter* to the subgrantee, copied to authorizing officials listed on the award and the appropriate IDHS Project Managers, summarizing contents of the report that will be placed in the subgrantee's master grant file. If any outstanding financial, compliance and programmatic issues are identified, the subgrantee is required to submit a *Corrective Action Plan* within 30 days of receipt of the report, identifying what steps the subgrantee is taking to resolve them.

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## **V. Grants Management Contact Information**

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IDHS grant point of contacts (POCs) can be found on the IDHS website at: [www.in.gov/dhs/grants.htm](http://www.in.gov/dhs/grants.htm)

*Rachel Meyer* - (317) 234-3321– General Management and Oversight

*Niki Theeuwes* - (317) 234-2981– Grant Writing and General Customer Service

*Dolly Watkins* – (317) 234-6507 – Reimbursement Concerns and Agreement Processing

*Cindy Riley* – (317) 234-5959– HMEP and Monitoring concerns

*Beth Clark*- (317) 232-1681 – PSIC, CSEPP and IECGP concerns

*Vicki Biddle* – (317) 234-5917– Quarterly Reports and General Clerical